

**Farm Credit Administration  
Public Hearing on  
Enhancing Farm Credit System Service  
To Young, Beginning and Small Farmers and Ranchers  
Kansas City, Missouri  
November 13, 2002**

**Submitted by  
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Good Morning. Thank you for allowing me this opportunity to participate in this public hearing. I am Denise O'Brien, a small vegetable and fruit farmer from southwest Iowa. I have been a farmer with my husband for 27 years. My husband and I farmed together full time until seven years ago. Given the low return in the farming sector he now works off the farm and I am farming 16 acres of fruit crops along with raising poultry. I am also the Coordinator for Women, Food and Agriculture Network (WFAN), an organization whose mission statement is "to link and amplify women's voices on issues of food systems, sustainable communities and environmental integrity." WFAN is a member of the Midwest Sustainable Agriculture Working Group, a coalition of over 35 organizations throughout the Midwest working on policy for sustainable agriculture.

My comments will come from the perspective of an advocate for women farmers, the majority of whom fit in the category of small-diversified farms. I have limited formal education on the intricacies of the financial world, but I do come from a perspective of limited resource farmers. I will discuss access to and delivery of young, beginning, and small farmers, ranchers, and producers or harvesters of aquatic products (YBS farmers and ranchers). I believe in a diverse system of agriculture that includes small, medium and large farmers. I also believe that the current industrial model of agriculture has created enormous difficulties in the rural United States. Difficulties that include devastation of our natural resources as well as tremendous population decline. If there is a commitment to small farmers in the United States, there needs to be available credit, tax policies that assist land transfer and appropriate research that addresses the needs of the small farmer.

My comments today center on an emerging type of farmer, women growing farm products for direct marketing to farmer's markets, community supported agriculture (CSA) and to restaurants and institutions such as schools.

These women fit the limited resource category of socially disadvantaged farmers and it is my purpose to draw attention to these potential borrowers.

There is movement in the countryside of the United States indicating an alternative to the industrial model of agriculture that currently dominates the agricultural landscape. This movement goes by names such as Community Supported Agriculture and Local Food Systems and involves direct marketing of farm raised products ranging from fruits and vegetables to meat, cheese and milk to name a few. The farms that are being created range in size from 1 to 20 acres and are providing income for a large number of people. These farms are small businesses created in rural and urban areas that provide healthy, nutritious food that is grown close to their market.

According to the May 2001 Economic Research Service Agriculture Information Bulletin No. 768, there were nearly 155,000 female operated farms that accounted for 4 percent of the more than \$160 billion agricultural sales in 1996. Farms operated by women are generally smaller, both in sales and acres than their male counterparts, and they control a relatively small share of the resources used in agricultural production. Nevertheless, this bulletin states, the trend in the farm sector indicates a growing presence of women. Women make up the largest group of social disadvantaged farmers.

Because these farms operated by women are generally smaller in sales and acreage they are more likely to have negative net farm income and thus less likely to be in a favorable financial position. The conclusion drawn here is that women could benefit greatly from programs that benefit young and beginning farmers if outreach and education are targeted to this special needs group.

Very little data exists about women farmers other than what I have already mentioned. Indeed, much of the information on new and beginning farmers suggests that these farmers are male

(<http://www.ers.usda.gov/briefing/FarmStructure/aging.htm>). Women are often not taken seriously when they approach a banker or government lender when looking for capital to help her start or expand her farming operation. I have interviewed several women who have related stories about how they were treated in these lending institutions. Most of these women also have similar stories about going to implement dealers and parts stores where they were treated in a less than respectful manner. Granted, in the United States, women have not been the majority in the occupation of farming, nevertheless they have definite needs when it comes to capitalizing their operations.

Given this information it is very important to develop criteria to develop education and outreach to this gender specific group. It is also important to encourage lenders and bureaucrats to develop an acceptance of women in the field of agriculture.

I will now move to issues that are indirectly linked to FCA and lending, that are appropriate to the discussion of young, beginning and small farmer programs. With the growing trend of food going directly from small farms to consumer's tables, it is extremely important that all types of farmers, women and men, have access to credit to help develop their small farms. But lending money is not the complete answer. Farm credit institutions need to take a look at policies that effect the way land is transferred.

A 1997-farmland survey in Iowa indicated that 37% of the farmland in Iowa is owned by people over 65 years of age. Just by looking at the demographics it is clear that a major land transfer is in the near future. Many Young and Beginning Farmers and Ranchers will be buying land from older, retiring farmers. Although FCA does not address taxation issues, it would help the transfer of land if the selling farmer were to have a tax incentive. For example, farms with some fixed cutoff in terms of total family income could have a certain amount of that income exempted from federal taxes. This would ensure that the help was given

only to the targeted recipients. The tax benefit would end when the household income surpassed a certain amount, or when the farm exceeded a certain size.

New tax policies could benefit those who help a small or underserved farm by offering lower rent, use of machinery, or some other accommodation. In exchange for this help, the person would receive a tax credit. This would aid existing farms and assist in transitioning farm ownership to members of the next generation who lack the wherewithal to enter agriculture.

According to Iowa State Agricultural Economist Michael Duffy, research is another area where substantial changes could be made to target small and underserved farms. Again, I am not talking about agriculture lending in particular, but to make a program successful there need to be other structures in place. Research to aid small farms could study reducing the capital requirements necessary to produce agricultural commodities. Currently, the research is almost entirely geared towards increasing the capital requirements in agriculture.

Another area where research could help small farms is in the development of new and alternative crops, as well as alternative uses for existing crops, such as biomass energy crops. The amount of funds spent on the development of different varieties, pest management practices, and fertility recommendations is almost nonexistent for alternative crops when compared to the amount being spent on existing crops. New crops could be developed that require less total inputs and, thus, could benefit small, limited resource farms.

There is one more piece of information that I would like to pass along as I conclude my remarks. A somewhat dated, November 1993, Economic Research Service Bulletin entitled “Women Farm Landlords in the United States”, states that “forty percent of private.... agricultural landlords are women, and they control 40 percent of the privately held farmland rented out.” Women live longer than

men and are now becoming major landowners. Women, Food and Agriculture Network is doing a study in a county in Iowa on how these women's needs are served and the results are indicating that these women also fall into the category of underserved.

In conclusion, I recommend that close attention be paid to the gender implications that are apparent by the data that exists on women farmers. According to government reports earlier mentioned, women are a growing presence in agriculture production and, women are clearly becoming a majority in the ownership of the basic resource for agriculture, land. Those two indicators represent a new possibility for agriculture and for agricultural lending institutions. The possibility of matching women landowners with women farmers could mean a bright future for small farm agriculture in the United States. But in order to foster a growing small farm sector careful consideration needs to be given to more than lending. Research, tax policy, gender consideration, business planning and oversight will make a successful lending program to the farmers of the future.

Again, I thank you for the opportunity to present my views to this distinguished panel and hope that my input will help with the difficult task of designing an effective program for young, beginning, and small farmers, ranchers and producers or harvesters of aquatic products.